



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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August 18, 2000

George S. Young
Pruitt, Gushee & Bachtell
Suite 1850 Beneficial Life Tower
Salt Lake City, Utah 84111-1495

Re: Acceptance of Amended Notice of Intention, Small Mining Operations, Peak Minerals - Azomite, Inc., Trace Mine #1, S/039/001, Sanpete County, Utah

Dear Mr. Young:

On August 10, 2000, we received the amended Notice of Intention for Peak Minerals - Azomite, Inc.'s Small Mining Operations (SMO) for the Trace Mine #1, which you submitted on their behalf. The amended notice will expand the project to state section 32, T16S, R1W, Sanpete County, Utah. We have reviewed the notice and find that it is complete and satisfies the Division's SMO rules R647-3. No further information is required by the Division at this time.

We received notification from the School and Institutional Trust Lands Administration (SITLA) that your amended notice falls under the same area as a lease held by Organite, Inc. SITLA will not allow Peak Minerals to mine in this same area unless Organite, Inc. provides written notification to SITLA granting Peak Minerals consent to do so. Approval from this Division does not authorize the operator to commence operations without first meeting another agency's requirements and receiving written approval from that agency.

Along with the amended notice, you provided a check for \$100.00 for the permit application fee. We do not require a fee payment for amended operations, unless the amendment moves the project into another category (i.e. from a small mining operation to a large mining operation). The \$100.00 annual permit fee for this fiscal year has already been received; therefore, we are returning check #7138 to you.

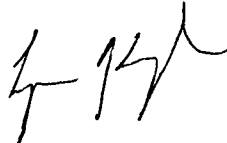
We recently started requiring that the operator's mark their permitted boundary with metal t-posts or other markers of the same effectiveness. The markers must be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye. Please make sure that both Section 4, T17S, R1W, and Section 32, T16S, R1W, are clearly marked. Please inform Peak Minerals that they cannot expand beyond the five acre limitation of a small mining notice (including both areas), without first submitting a notice for large mining operations, meet bonding requirements, and receive written approval for a large mining plan from this office. With our present workload, approvals of large mining notices take from six to nine months or longer.

Page 2
George Young
Trace Mine #1
S/039/001
August 18, 2000

When Peak Minerals receives authorization from SITLA to expand this project, they need to give special consideration to item #10 of the "Operation and Reclamation Practices" as summarized on pages 3 and 4 of the notice. Stockpiling topsoil material prior to beginning (or expanding) mining operations will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

Thank you for your cooperation. If you have any questions regarding this letter, please contact me at (801) 538-5310.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lynn Kunzler', with a stylized flourish at the end.

Lynn Kunzler
Senior Reclamation Specialist

jb
Enclosure: \$100.00 check #7138
cc: Wesley Emerson, Peak Minerals
S39-01-apv

